



North Central Idaho News

CLEARWATER, IDAHO, LATAH, LEWIS & NEZ PERCE COUNTIES

ECONOMIC TRENDS

July's unemployment rate held steady at June's rate of 4.6 percent. Even though the total number of jobs remained the same, there is one industry which is showing signs of growth. In manufacturing, the sector that includes the manufacture of welded jet boats and ammunition, has recorded good employment numbers over the past six months. Companies in this sector are reporting that markets are good and the future is optimistic.

SPECIAL TOPIC:

Unemployment Insurance

Besides helping unemployed individuals and families transition from one job to another, unemployment insurance acts as an automatic economic stabilizer. When a business has to lay an employee off, unemployment benefits offset some of the effects of that worker losing his paycheck and, in the case of major layoffs, limits the decline in spending power a community experiences. Unemployment insurance also promotes stability by making it possible for employers to retain workers during the off-season or a short downturn. Many seasonal industries would find it much more difficult to attract and retain employees if their workers could not rely on those weekly benefits to help support them through the off-season. In north central Idaho, \$8.1 million was paid out in benefits for the fiscal year that ended June 30, down \$1.3 million from the previous year. For a breakdown of dollars paid and numbers of weeks paid in the region in 2006 and 2005, see North Central Idaho Table 2 on page 11.

AREA DEVELOPMENTS

Clearwater County

- Clearwater Crossing, a new RV Park in Orofino, opened in July off U.S.

North Central Idaho Table 1: Lewiston MSA Labor Force & Employment
Nez Perce County, Idaho and Asotin County, Washington

	Jul 2006*	Jun 2006	Jul 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
<i>Seasonally Adjusted</i>					
Civilian Labor Force	28,750	28,750	29,440	0.0	-2.3
Unemployment	1,330	1,330	1,470	0.0	-9.5
% of Labor Force Unemployed	4.6	4.6	5.0		
Total Employment	27,420	27,420	27,970	0.0	-2.0
<i>Unadjusted</i>					
Civilian Labor Force	28,570	28,660	29,090	-0.3	-1.8
Unemployment	1,220	1,240	1,350	-1.6	-9.6
% of Labor Force Unemployed	4.3	4.3	4.6		
Total Employment	27,350	27,420	27,740	-0.3	-1.4
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	26,750	27,010	27,400	-1.0	-2.4
<i>Goods-Producing Industries</i>	4,470	4,400	4,750	1.6	-5.9
Natural Resources & Mining	260	250	220	4.0	18.2
Construction	1,230	1,210	1,510	1.7	-18.5
Manufacturing	2,980	2,940	3,020	1.4	-1.3
Wood Product Manufacturing	550	560	580	-1.8	-5.2
Food Manufacturing	30	30	30	0.0	0.0
Paper Manufacturing	1,110	1,110	1,130	0.0	-1.8
Other Manufacturing	1,290	1,240	1,280	4.0	0.8
<i>Service-Providing Industries</i>	22,280	22,610	22,650	-1.5	-1.6
Trade, Transportation & Utilities	5,480	5,470	5,420	0.2	1.1
Wholesale Trade	680	690	680	-1.4	0.0
Retail Trade	3,460	3,440	3,490	0.6	-0.9
Utilities	90	90	90	0.0	0.0
Transportation & Warehousing	1,250	1,250	1,160	0.0	7.8
Information	450	440	420	2.3	7.1
Financial Activities	1,830	1,830	1,830	0.0	0.0
Professional & Business Services	1,630	1,600	1,730	1.9	-5.8
Education & Health Services	4,430	4,440	4,710	-0.2	-5.9
Leisure & Hospitality	2,400	2,400	2,540	0.0	-5.5
Other Services	1,100	1,120	1,130	-1.8	-2.7
Government Education	2,240	2,490	2,100	-10.0	6.7
Government Administration	1,940	2,070	2,030	-6.3	-4.4
Government Tribes	780	750	740	4.0	5.4

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

Highway 12. The 50-space park is paved and situated along the Clearwater River. Amenities include water, sewer, electricity and cable hookups. The park has restrooms with showers and a pavilion where groups can gather for barbecues. The park's owner, Brett Pippenger, is happy about how well the park is doing since he has not promoted it much. "That highway is doing me pretty good," Pippenger said. "They see the campers out there and try to locate me." He expects even

North Central Idaho Table 2: Amount of Unemployment Insurance Payments						
County	Number of Weeks Paid			Dollar Amount Paid		
	State Fiscal Year			State Fiscal Year		
	2006	2005	Change	2006	2005	Change
Clearwater	6,307	7,293	-986	\$1,556,609	\$1,760,966	-\$204,357
Idaho	9,143	9,752	-609	\$2,129,697	\$2,215,953	-\$86,256
Latah	7,691	8,678	-987	\$1,873,730	\$2,086,046	-\$212,316
Lewis	479	716	-237	\$113,184	\$165,906	-\$52,722
Nez Perce	11,521	14,681	-3,160	\$2,521,816	\$3,279,561	-\$757,745
Total North Central Idaho	35,141	41,120	-5,979	\$8,195,036	\$9,508,432	-\$1,313,396

more business during the coming steelhead and hunting seasons. So far, customers come from many places. Some are out-of-staters building homes or looking for property. Others are attending baseball tournaments, weddings or events at the Best Western Lodge at River's Edge. The hotel is owned by other members of the same family, Paul and Lee Pippenger, a husband-and-wife team. Pippenger believes the properties work together to attract visitors. "It's inviting people to come into Orofino, which is what we need."

Latah County

- Valley Transit, which has routes in both Lewiston and Moscow, has started service between the two cities. The route will take 40 minutes and costs \$5 each way. Because of limited space, seats are available on a reservation basis. For people who go to a job or attend classes in the opposite city, this new service will help in their daily commute. With oil prices escalating, it makes a lot of sense. The project came together when Valley Transit secured a \$65,000 inter-city grant. Part of the grant money was used to pay for the new bus.
- Wi BioFuels is undecided on the location of its proposed biodiesel plant. Until recently, the company was considering the Port of Wilma near Clarkston, Wash., but now it is looking at the former site of Potlatch Corp.'s lumber mill in Potlatch, Idaho. Wi BioFuels plans to build a plant that will create an estimated 41 jobs and process 5 million to 15 million gallons of biodiesel per year. The proposed plant represents a \$21 million to \$40 million investment in the area over the next several years. Building costs make up the majority of that projection. The company wants to lower those costs as much as possible and find a central location for growers to ship their crops. Biodiesel is derived from vegetable oil from crops such as soybeans, canola and mustard seed. It burns cleaner and with fewer emissions than petroleum-based diesel fuel. According to the company, the Potlatch site is more central than the port area. Producers would not have to ship their

materials down the grade to the river, and the Potlatch site has rail access in place. The company was originally attracted to Washington when the state Legislature passed a law that requires all diesel sold in the state to contain at least 2 percent biodiesel. The alternative energy bill is designed to jump-start the biodiesel industry in Washington state.

- The presidents of the University of Idaho and neighboring Washington State University, in conjunction with the cities of Moscow and Pullman and the counties of Whitman and Latah, are developing a "Palouse Knowledge Corridor" between Moscow and Pullman. It would not be a corridor of new buildings and parking lots but a passageway for combined research and brain power to be channeled into attracting sustained economic development. The idea is to form a partnership to work toward becoming a super region that utilizes its unique resources of research capacity, brain power, quality of life and natural beauty to attract innovative companies that will fit into the community and offer high-end jobs. The presidents advised against marketing the area as a cheap place for companies to locate. They said it should be promoted as a place to bring jobs and capital because it is more productive.
- Moscow city employees and those who contract with the city will now earn at least \$10.25 an hour. The City Council passed a resolution that ensures full-time city employees will be paid a so-called living wage. The wage also applies to employees of businesses with city contracts worth \$25,000 or more that employ more than 10 people. "We want to make sure no one working for the city is paid so little that they can't support themselves or a family," Councilwoman Linda Pall said. "We want to make sure your tax dollars and other city revenue is not used to unintentionally exploit our workers in the city of Moscow." Councilman Bob Stout said Moscow is the first city in the state to enact a living wage. "The minimum wage in Idaho is embarrassingly low," he said. "We should be combating negative social problems in the community." Janitorial services that contract with the city likely would

have to increase employee wages, but many contracting companies, like the Idaho Transportation Department, already pay their workers a living wage, Moscow Mayor Nancy Chaney said.

- The Federal Aviation Administration has approved a waiver allowing a larger class of airplane to land at the Pullman-Moscow Regional Airport. Horizon Air, the airport's only commercial carrier, once brought the 70-seat Q400 plane into the Pullman-Moscow airport, but the FAA decided in 2004 the runway did not meet safety standards for a plane that big. Horizon was left with only the 37-seat Dash-8 plane to serve the region. Horizon has no concrete plans to use the Q400 for daily scheduled flights, but it wanted to use the bigger plane for its "Coug Air" flights that bring sports enthusiasts to Pullman for Washington State University events like the Apple Cup football game, said Dan Russo, the airline's director of marketing and communications. In the long term, Horizon is slowly replacing its Dash-8 planes with Q400s. The airline owns 20 Q400s and has 13 more on order, Russo said. The planes will go to larger markets first but could come to Pullman if enough tickets are sold. The FAA was concerned about the distance between the taxiway and the runway. The taxiway is the area where planes wait before using the runway for takeoff. It sits 200 feet to the north of the runway — too close to meet federal safety standards. Work on the runway safety area finished in October, but because of the topography of the surrounding land and the location of the airport terminal, nothing could be done about its distance from the taxiway. The FAA paid \$1.5 million, or about 95 percent of the cost to widen the runway safety area. The waiver approved by the FAA allows not only the Q400 but all Category CIII airplanes to use the airport. That includes the Airbus A319 used for athletic charter flights and the Boeing 737 jet.

Nez Perce and Asotin Counties

- Potlatch Corp.'s pulp and paperboard division bounced back in this year's second quarter, posting operating income of \$3.9 million and capping what

was a profitable quarter for Lewiston's largest employer. The division, one of five at the Lewiston plant, employs 790, more than any other Potlatch division in Lewiston. It did not break even for 3 1/2 years and then rebounded in the middle of 2004 before losing money again in 2005 and the first quarter of this year. Stronger paperboard and pulp pricing as well as quality and production improvements primarily in Idaho were responsible for the upward trend, said Mike Covey, Potlatch's chief executive officer. Net revenues for the second quarter were \$415 million compared with \$368 million for the same period last year. New coaters installed on a paper machine will allow Potlatch's Lewiston plant to make coated paperboard sheets that accept high-quality printing on two sides, not just one. Potlatch plans to sell the new product for brochures or in-store retail displays, a strategy which will "significantly enhance the profitability of our Idaho mill," Covey said. The gains came in spite of persisting high costs for energy, freight and chemicals. Potlatch has purchased about 50 percent of the gas it will need for the rest of the year for pulp and paperboard and consumer tissue products. "Now we know we have half of our gas locked in at a known price level," said Mark Benson, Potlatch's vice president of public affairs. All of Potlatch's other divisions showed operating incomes in the second quarter — consumer tissue products at \$7 million, resource at \$9.8 million, wood products at \$3.5 million and land sales and development at \$1.5 million. Operating income indicates a division's performance before certain expenses are deducted. Shipments and prices were higher in consumer tissue products than the same time last year, leading to a record \$117 million in revenue for the quarter. It was the first time Potlatch has sold more than \$100 million of tissue products in any quarter.

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